

Statement
Insurance Association of Connecticut

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Insurance and Real Estate Committee

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SB 256, An Act Concerning Assessment For Health Benefit
Reviews Performed By The Insurance Department

The Insurance Association of Connecticut supports SB 256, An Act Concerning Assessments For Health Benefit Reviews Performed By The Insurance Department.

In 2009 the General Assembly established a program to review and evaluate mandated health benefits, as requested by the Insurance Committee (C.G.S. 38a-21). The Insurance Commissioner was given the authority to fund the program by assessing domestic insurance companies in the same manner as is done currently to fund the Insurance Department. However, C.G.S. 38a-21 has caused an incongruous and unfair result, which SB 256 seeks to address.

"Mandated health benefits" are defined in C.G.S. 38a-21 as statutory obligations or proposed legislation concerning "health care treatment or services", "screening, diagnosis or treatment of a particular disease or condition", and "medical equipment, medical supplies or drugs used in connection with a health care treatment or service." The definition refers to insurers, health care centers, hospital and medical service corporations and fraternal benefit societies "that offer individual or group health insurance or medical or health benefits plans in this state."

The review and evaluation program is solely and completely focused on "classic" health insurance products and health benefit mandates. It has nothing whatsoever to do

with property casualty insurance or life insurance. Yet, as adopted, C.G.S. 38a-21 requires Connecticut domiciled property casualty insurers and life insurers to pay a large part of the assessments levied to fund the new program.

In fact, IAC has one member company (property casualty insurer) that will be responsible to pay over \$500,000 (three scheduled payments) in assessments to the program. That assessment load will actually exceed the amount to be paid by six of the seven health insurers in this state. Another IAC member (property casualty and life insurer) will be responsible for over \$300,000 in assessments, exceeding the amount to be paid by at least four of the state's health insurers. Such a result is clearly unfair and simply makes no sense.

Fundamentally, IAC does not believe it is good public policy to fund these types of programs through the Insurance Fund. Such a program would we believe be more properly funded through the General Fund. However, if the decision is made to use the Insurance Fund, at the very least the business of the entities assessed for the program should relate to the work done by the program.

SB 256 would revise the funding mechanism for the mandated health benefit review program to properly provide that the assessments would be levied solely against entities doing the business of health insurance. We would request that the language in lines 10-12 of the bill be refined to clarify that insurers writing products such as long-term care insurance and disability income insurance, which are currently included within the general statutory definition of health insurance (C.G.S. 38a-469) but have no relationship to the object of C.G.S. 38a-21, are not to be included in the assessment base.

IAC urges passage of SB 256.